

AMENDED IN SENATE MAY 14, 2013

AMENDED IN SENATE APRIL 18, 2013

**SENATE BILL**

**No. 19**

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**Introduced by Senator Knight**

December 3, 2012

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An act to amend, *repeal, and add* Section 6380 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 19, as amended, Knight. Sales and use taxes: exemptions: property for use in space flight.

Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes, including an exemption for the gross receipts from the sale of, and the storage, use, or other consumption of, qualified property for use in space flight.

This bill would, *until January 1, 2024*, expand this exemption to also include equipment and materials used to construct, reconstruct, or improve new or existing facilities designed to launch, manufacture, fabricate, assemble, or process equipment that facilitates the renovation, rehabilitation, or reconstruction of commercial space launch sites. *This bill would require the Legislative Analyst's Office, by January 1, 2023, with information provided by the State Board of Equalization, to report to the Legislature on the effect of the exemption on employment and investment in the commercial space flight industry, using data, including,*

*but not limited to, that produced by the Employment Development Department Labor Market Information Division.*

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Amendments to state sales and use taxes are incorporated into these laws.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse any local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 6380 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 6380. (a) There are exempted from the taxes imposed by this
- 4 part the gross receipts from the sale of, and the storage, use, or
- 5 other consumption in this state of, qualified property for use in
- 6 space flight.
- 7 (b) For purposes of this section:
- 8 (1) "Facilities designed to launch" includes, but is not limited
- 9 to, a mission control center.
- 10 (2) "Qualified property" means any of the following:
- 11 (A) Tangible personal property that has space flight capability,
- 12 including, but not limited to, an orbital space facility, space
- 13 propulsion system, space vehicle, satellite, or space station of any
- 14 kind, and any component thereof.
- 15 (B) Tangible personal property to be placed or used aboard any
- 16 facility, system, vehicle, satellite, or station described in
- 17 subparagraph (A), regardless of whether that property is to be

1 ultimately returned to this state for subsequent use, storage, or  
2 other consumption.

3 (C) Tangible personal property in the form of equipment and  
4 materials used to construct, reconstruct, or improve new or existing  
5 facilities designed to launch, manufacture, fabricate, assemble, or  
6 process equipment that facilitates the renovation, rehabilitation,  
7 or reconstruction of commercial space launch sites.

8 (D) Fuel of a quality that is not adaptable for use in ordinary  
9 motor vehicles, but is produced, sold, and used exclusively for  
10 space flight.

11 (3) “Space flight” means any flight designed for suborbital,  
12 orbital, or interplanetary travel by a space vehicle, satellite, space  
13 facility, or space station of any kind.

14 (c) The exemption established by this section shall not be denied  
15 by reason of a failure, postponement, or cancellation of a launch  
16 of a space vehicle, satellite, space facility, or space station of any  
17 kind, or the destruction of any launch vehicle or any component  
18 thereof.

19 (d) *The Legislative Analyst’s Office shall, by January 1, 2023,*  
20 *with information provided by the board, report to the Legislature*  
21 *on the effect of the exemption added by the act adding this*  
22 *subdivision on employment and investment in the commercial*  
23 *space flight industry, using data, including, but not limited to, that*  
24 *produced by the Employment Development Department Labor*  
25 *Market Information Division.*

26 (e) *This section shall become inoperative on January 1, 2024,*  
27 *and is repealed as of that date.*

28 SEC. 2. *Section 6380 is added to the Revenue and Taxation*  
29 *Code, to read:*

30 6380. (a) *There are exempted from the taxes imposed by this*  
31 *part the gross receipts from the sale of, and the storage, use, or*  
32 *other consumption in this state of, qualified property for use in*  
33 *space flight.*

34 (b) *For purposes of this section:*

35 (1) *“Qualified property” means any of the following:*

36 (A) *Tangible personal property that has space flight capability,*  
37 *including, but not limited to, an orbital space facility, space*  
38 *propulsion system, space vehicle, satellite, or space station of any*  
39 *kind, and any component thereof.*

1 (B) *Tangible personal property to be placed or used aboard*  
2 *any facility, system, vehicle, satellite, or station described in*  
3 *subparagraph (A), regardless of whether that property is to be*  
4 *ultimately returned to this state for subsequent use, storage, or*  
5 *other consumption.*

6 (C) *Fuel of a quality that is not adaptable for use in ordinary*  
7 *motor vehicles, but is produced, sold, and used exclusively for*  
8 *space flight.*

9 (2) *“Space flight” means any flight designed for suborbital,*  
10 *orbital, or interplanetary travel by a space vehicle, satellite, space*  
11 *facility, or space station of any kind.*

12 (c) *The exemption established by this section shall not be denied*  
13 *by reason of a failure, postponement, or cancellation of a launch*  
14 *of a space vehicle, satellite, space facility, or space station of any*  
15 *kind, or the destruction of any launch vehicle or any component*  
16 *thereof, but the exemption shall not apply to any material that is*  
17 *not intended to be launched into space.*

18 (d) *This section shall become operative on January 1, 2024.*

19 ~~SEC. 2.~~

20 SEC. 3. Notwithstanding Section 2230 of the Revenue and  
21 Taxation Code, no appropriation is made by this act and the state  
22 shall not reimburse any local agency for any sales and use tax  
23 revenues lost by it under this act.

24 ~~SEC. 3.~~

25 SEC. 4. This act provides for a tax levy within the meaning of  
26 Article IV of the Constitution and shall go into immediate effect.  
27 However, the provisions of this act shall become operative on the  
28 first day of the first calendar quarter commencing more than 90  
29 days after the effective date of this act.